



THRIFT
SAVINGS
PLAN

TSP Overview

- ✓ Introduction
- ✓ TSP Benefits
- ✓ Contribution rules
- ✓ Portability
- ✓ Participant resources

TSP Overview

- ✓ Investment options
- ✓ Loan program
- ✓ In-service withdrawals
- ✓ Post-service withdrawals
- ✓ Death benefits

TSP Tax Benefits

- ♦ All participants receive a Federal tax deferral on contributions made to the TSP
- ♦ Contributions are deducted from pay before Federal taxes are withheld
- ♦ Federal taxes are computed and withheld from the reduced salary
- ♦ Participants defer taxes on the TSP account until a withdrawal of the account is made
- ♦ Tax deferral of TSP is determined by each State or County

Example:

Bi-weekly basic pay	\$1,239.00
TSP election	x 10%
TSP deduction:	\$ 123.90

Basis for Federal tax withholding:

	\$1,239.00
	- 123.90
Taxable income	\$1,115.10

Annual Income Earned: \$32,214.00

Annual TSP contributions: \$ 3,221.40

Taxable Income: \$28,992.60

Retirement Savings Contributions Credit

Adjusted Gross Income

Married filing joint	Head of household	All other filers	Credit (\$1,000 max per person)
\$0-\$30,000	\$0-\$22,500	\$0-\$15,000	50% of contributions
\$30,001- \$32,500	\$22,501- \$24,375	\$15,001- \$16,250	20% of contributions
\$32,501- \$50,000	\$24,376 \$37,500	\$16,251- \$25,000	10% of contributions
Over \$50,000	Over \$37,500	Over \$25,000	Credit not available

Retirement Savings Contribution Credit

- ♦ The tax credit reduces the amount of taxes owed
- ♦ The amount of the reduction is based on:
 - the amount of taxes owed
 - the income bracket the participant falls under, and
 - The participant contributing to a plan like the TSP, or a tax-deductible IRA
- ♦ Maximum reduction is the amount owed or the credit, but not more than \$1,000 per saver
- ♦ Information regarding the credit can be obtained from the IRS at <http://www.irs.gov>

Same married employee from previous page, sole wage earner in household

Annual Income Earned: \$32,214.00
(Not eligible for the tax credit based on taxable income earned)

If employee contributes 10% to the TSP:

Annual TSP contributions: \$ 3,221.40

Taxable Income: \$28,992.60
(Now eligible for the tax credit!)

Federal taxes owed between \$1 and \$1,000.00 will be reduced.

For example, if the participant owed \$500 in taxes, the \$500 tax liability would be eliminated; if the participant owed \$2,000 in taxes then he would owe \$1,000 after the credit is applied

TSP Contribution Rules

FERS

◆ Employee Contributions

- Eligible during first 60 days of hire/rehire
- 14% maximum beginning in December 2003 with 1% increases each year through 2005
- After 2005, any dollar amount or percentage up to IRS limits (\$13,000 for 2004)
- Always vested

When eligible for agency contributions:

◆ Agency Automatic (1%) Contributions

- Subject to vesting
- Not based on Employee Contributions

◆ Agency Matching Contributions

- Based on first 5% of Employee Contributions
- 4% maximum
 - \$1/\$1 for 1st 3%
 - 50¢/\$1 for next 2%
- Always vested

TSP Contribution Rules

CSRS

◆ Employee Contributions

- Eligible during first 60 days of rehire to contribute
- 9% maximum beginning in December 2003 with 1% increases each year through 2005
- After 2005, any dollar amount or percentage up to IRS elective deferral limit
- Always vested

◆ No Agency Contributions

Over 50 Catch-Up Contributions

- ◆ The catch-up contributions are tax-deferred but do not count towards the IRS elective deferral limit (\$13,000 for 2004)
- ◆ To become eligible for the catch-up a participant must:
 - Be age 50 or older, or will turn age 50 in the calendar year the contribution is deducted from pay
 - Not be in the 6 month termination period because of a TSP financial hardship in-service withdrawal

Over 50 Catch-Up Contributions

- ♦ The election is by dollar amount using Form TSP-1C or agency electronic submission
- ♦ Catch-up contributions are made through payroll deduction only and are not matched
- ♦ Elections to start, change, and stop contributions can be made at any time
- ♦ Open season dates do not apply to catch-up contribution elections

Over 50 Catch-Up Contributions

- ♦ Catch-up contributions will not continue into the next calendar year. A new election must be submitted for each calendar year when the participant is ready to begin catch-up contributions
- ♦ The participant will elect the whole dollar amount he/she wants deducted from pay. Once effective, payroll will deduct the dollar amount each pay period until:
 - The end of the calendar year; or
 - The annual limit for the catch-up is reached; or
 - A new Form TSP-1C is submitted to stop or change the contributions: or
 - The participant receives a financial hardship in-service withdrawal; all employee contributions are terminated for six months
- ♦ The election is effective the first full pay period after receipt by the agency

New TSP Basic Pay Contribution Limits

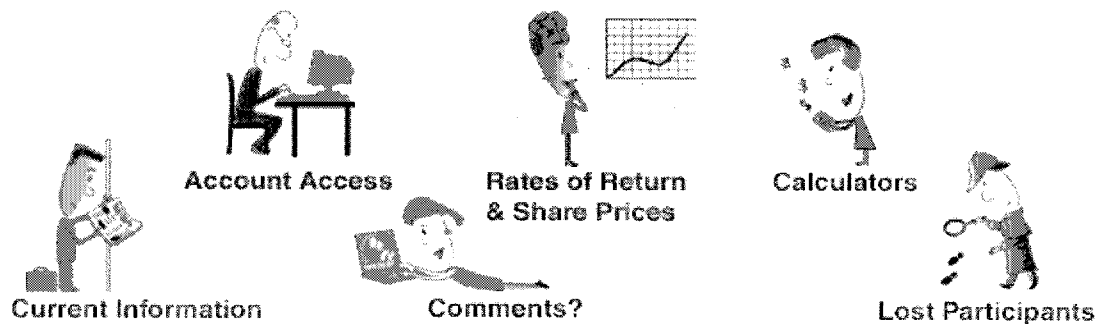
Month	Year	CSRS & Uniformed		IRS Limit	Over 50 catch-up
		FERS Limit	Services Limit	(Each Year)	(Each Year)
Dec	2003	14%	9%	\$12,000	\$2,000
Dec	2004	15%	10%	\$13,000	\$3,000
Dec	2005	limits lifted entirely		\$14,000	\$4,000
Jan	2006			\$15,000	\$5,000
Jan	2007			indexed to inflation	TBD

TSP Transfers and Rollovers

- ♦ Active or separated participants may transfer or rollover into the TSP money from:
 - Eligible employer plans under the I.R.C.
 - e.g. 401(k), 403(a), 403(b) or 457(b) governmental plans
 - Traditional individual retirement accounts or annuities (IRAs) under section 408(a) or 408(b) of the I.R.C.
 - does not include Roth, SIMPLE or education IRAs
- ♦ Participant submits Form TSP-60 available from the TSP Web site. Participant certifies the amount transferred or rolled over includes tax-deductible/deferred amounts
- ♦ The amount transferred or rolled over into the TSP account is allocated according to the current contribution allocation on file
- ♦ The amount will be reflected as employee contributions in the account after it has been valued by the TSP

www.tsp.gov

THRIFT SAVINGS PLAN *for Federal employees*



[Web Site Privacy Policy](#) [Site Map](#) [TSP Service Office](#) [FAQs](#) [How Do I...?](#)



Civilian

- [TSP Features](#)
- [Forms & Publications](#)
- [Info for Agency Reps](#)



Uniformed Services

- [TSP Features](#)
- [Forms & Publications](#)
- [Info for Service Reps](#)

Welcome to the Thrift Savings Plan (TSP) Web site. The TSP is a retirement savings plan both for civilians who are employed by the United States Government and for members of the uniformed services. For information relevant to both civilian employees and uniformed services members, click on one of the buttons located at the top of this page. To get specific information for civilians or uniformed services members, select a topic under the appropriate header.

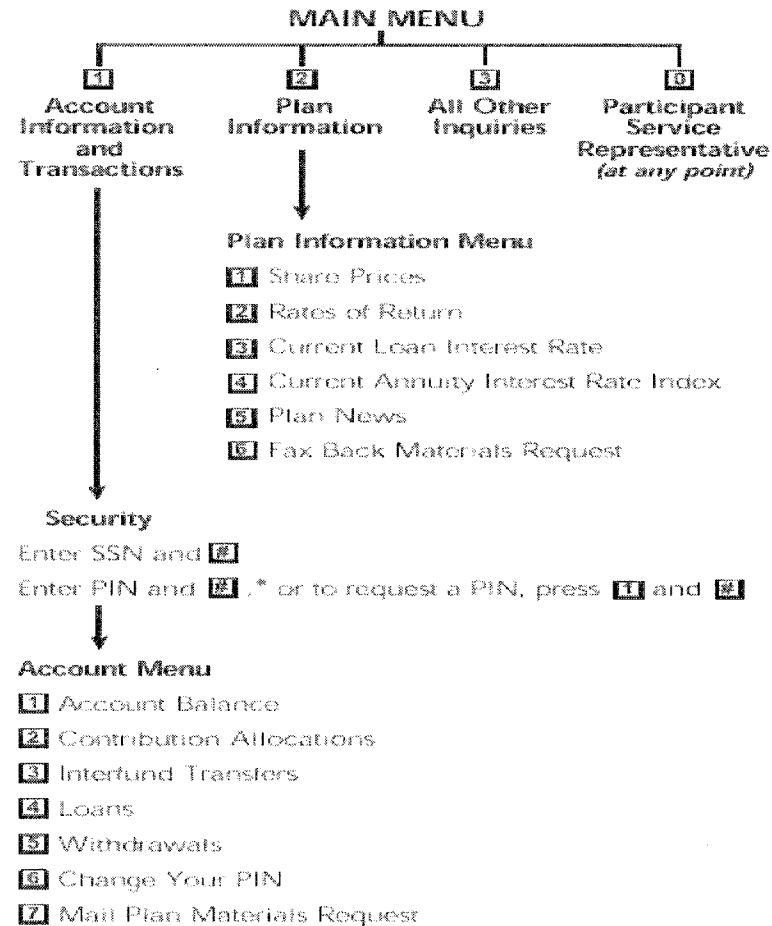
You can find general information about the TSP on this Web site. If you are participating in the TSP, you can also obtain information about your individual TSP account in the [Account Access](#) section. To do so, you will need your Social Security number and your 4-digit TSP Personal Identification Number (PIN). If you do not know your PIN, you can request a new one in that section.

The Federal Retirement Thrift Investment Board, which administers the TSP, maintains another Web site, <http://www.frtib.gov/>, which provides information about the FRTIB electronic reading room, procurements, and employment opportunities.

NOTE: This site was developed with the **Netscape Navigator browser** and is best viewed with **Netscape Navigator 4.06 or higher**. It uses JavaScript, tables, and frames which may not display correctly on older browsers. It also uses Secure Sockets Layer (SSL) and 128-bit encryption for accessing personal account information. Older browsers generally cannot support the security features needed to view personal account information and, in some cases, have been known to cause distortion of the information on the screen.



ThriftLine (504) 255-8777



* If you have both a civilian and a uniformed services account, you will be taken to the account that is specified by the PIN you entered. If you have customized your PIN to be the same for both accounts, you will be asked which account you wish to access.

TSP Elections

- ◆ Elections to contribute
 - Form TSP-1 used by employees to elect to contribute (electronic versions can also be used – Employee Express, PostalEase, Best, EBIS, etc.)
 - Election to contribute is submitted to agency only. TSP cannot process elections to deduct from pay
 - Participants may elect to contribute within first 60 days of hire/rehire
 - Participants may elect to start or change contribution amounts during TSP open seasons
 - April 15 – June 30, elections effective as early as June pay period
 - October 15 – December 31, elections effective as early as December pay period
 - Participants may elect to stop contributions at any time; however the participant must wait to become eligible to elect to contribute after terminating
 - Over 50 catch-up election is a separate TSP election and is not bound by open season rules

Contribution Allocations

- ◆ Contribution allocations allow participants to invest future contributions deposited into their TSP account each pay date
- ◆ The first contribution made for new participants will be invested in the G Fund until a contribution allocation is made
 - A new account and TSP PIN letter are mailed once the account is established
 - The new account letter will provide the form method of making investment decisions
 - The TSP PIN letter will assign the participant a PIN to make investment decisions via the web or phone line
- ◆ Once a TSP account is established, participants can allocate any portion (in 1% increments) of future contributions among the five TSP funds

Contribution Allocations

- ◆ For FERS participants, the contribution allocation will apply to their own contributions and to their Agency Automatic (1%) and Matching Contributions
- ◆ The most efficient ways to make a contribution allocation is through the ThriftLine, Web site or by telephoning the TSP record keeper
- ◆ Contribution allocation elections may be made with Form TSP-50, Investment Allocation, which must be mailed to the TSP record keeper for processing
- ◆ Contribution allocation requests received and processed by 11:00 am central time (CT) are effective as of close of business; requests processed after the cutoff time are effective at the end of the following business day

Interfund Transfers

- ◆ Interfund transfers allow participants to redistribute their account balance among the TSP funds
- ◆ The most efficient ways to make an interfund transfer is through the ThriftLine, Web site or by telephoning the TSP record keeper
- ◆ Interfund transfer requests may be made with Form TSP-50, Investment Allocation, which must be mailed to the TSP record keeper for processing
- ◆ Interfund transfer requests received and processed by 11:00 am central time (CT) are effective as of close of business; requests processed after the cutoff time are effective at the end of the following business day

Contribution Allocation or Interfund Transfer?

When you want to “change” your investments, make sure you make the correct investment election!

Contribution Allocation

- Allocates future contributions and loan payments until superseded by new allocation election
- ThriftLine, Web site or telephone request with TSP record keeper
- Column 1 of Form TSP-50
- Change in allocation is effective as of close of business each day based on 11 am CT cutoff

IFT

- One-time transaction; account balance remains as invested until participant makes another interfund transfer
- ThriftLine, Web site or telephone request with TSP record keeper
- Column 2 of Form TSP-50
- Change in account balance distribution is effective close of business each day based on 11 am CT cutoff

TSP Investment Funds

- ◆ Government Securities Investment Fund
(G Fund)
- ◆ Fixed Income Index Investment Fund
(F Fund)
- ◆ Common Stock Index Investment Fund
(C Fund)
- ◆ U.S. Small-capitalization Stock Index Investment Fund
(S Fund)
- ◆ International Stock Index Investment Fund
(I Fund)



THRIFT SAVINGS PLAN FACT SHEET

G, F, C, S, and I Fund Monthly Returns

January 5, 2004

Months	G Fund*	F Fund*	C Fund*	S Fund**	I Fund**
1998 (Jan. - Dec.)	5.7%	8.7%	28.4%	8.6%	20.1%
1999 (Jan. - Dec.)	6.0%	(.8%)	21.0%	35.5%	26.7%
2000 (Jan. - Dec.)	6.4%	11.7%	(9.1%)	(15.8%)	(14.2%)
2001 (Jan. - Dec.)	5.4%	8.6%	(11.9%)	(9.0%)	(21.9%)
2002 (Jan. - Dec.)	5.0%	10.3%	(22.0%)	(18.1%)	(16.0%)
2003					
January	.3%	.1%	(2.7%)	(2.4%)	(4.2%)
February	.3	1.4	(1.5)	(2.6)	(2.3)
March	.3	(.0)	1.0	1.6	(1.9)
April	.3	.8	8.3	8.3	9.8
May	.3	1.9	5.3	9.4	6.1
June	.2	(.3)	1.2	2.2	2.3
July	.3	(3.4)	1.8	4.6	2.3
August	.4	.7	1.9	4.1	2.4
September	.4	2.7	(1.1)	(1.3)	3.1
October	.3	(1.0)	5.7	7.7	6.1
November	.3	.3	.9	3.5	2.2
December	.5	1.0	5.2	2.0	7.7
Last 12 Months	4.1%	4.1%	28.5%	42.9%	37.9%

Percentages in () are negative.

*The G Fund (Government Securities Investment Fund) is invested in special issues of U.S. Treasury securities. The F Fund (Fixed Income Index Investment Fund) is invested in the Barclays U.S. Debt Index Fund, which tracks the Lehman Brothers U.S. Aggregate bond index. The C Fund (Common Stock Index Investment Fund) is invested in the Barclays Equity Index Fund, which tracks the S&P 500 stock index.

**The S Fund (Small Capitalization Stock Index Investment Fund) is invested in the Barclays Extended Market Index Fund, which tracks the Wilshire 4500 stock index. The I Fund (International Stock Index Investment Fund) is invested in the Barclays EAFE Index Fund, which tracks the EAFE (Europe, Australasia, Far East) stock index. The S and I Funds were implemented in May 2001. The returns shown reflect the actual performance of the S and I Funds for May 2001 and subsequent months. For the period before May 2001, the S and I Fund returns reflect the performance of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively.

The monthly returns represent net earnings for the month after deduction of accrued administrative expenses, and, in the cases of the F, C, S, and I Funds, after deduction of trading costs and accrued investment management fees.

Future performance of the funds will vary and may be significantly different from the returns shown above. See the *Summary of the Thrift Savings Plan for Federal Employees* for detailed information.

G Fund

- ◆ Invested in nonmarketable U.S. Treasury Securities with 1 to 4 day maturities
- ◆ Rate is set once a month by the Treasury Department
- ◆ Rate based on closing market prices of all Treasury securities with 4 or more years to maturity
- ◆ No risk of loss (negative returns) in G Fund
- ◆ Managed in-house by the Board



FEDERAL RETIREMENT THRIFT INVESTMENT BOARD
1250 H Street, NW Washington, DC 20005
THRIFT SAVINGS PLAN FACT SHEET

Monthly G Fund Interest Rates

January 5, 2004

Following are the nominal annual monthly G Fund interest rates from January 1995 through January 2004:

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
JANUARY	8.000	5.875	6.625	6.000	5.000	6.625	5.375	5.250	4.000	4.250
FEBRUARY	7.750	5.875	6.625	5.750	5.000	6.750	5.375	5.250	4.125	
MARCH	7.375	6.375	6.750	5.875	5.625	6.500	5.250	5.125	3.875	
APRIL	7.375	6.625	7.125	6.000	5.625	6.250	5.250	5.625	4.000	
MAY	7.250	6.875	6.875	6.000	5.625	6.375	5.500	5.250	4.000	
JUNE	6.500	7.000	6.875	5.875	6.000	6.500	5.625	5.250	3.500	
JULY	6.500	6.875	6.750	5.750	6.125	6.250	5.625	5.000	3.625	
AUGUST	6.625	6.875	6.250	5.750	6.250	6.125	5.250	4.750	4.500	
SEPTEMBER	6.500	7.125	6.625	5.375	6.250	6.000	5.125	4.375	4.500	
OCTOBER	6.375	6.875	6.375	4.875	6.250	6.000	4.875	3.875	4.000	
NOVEMBER	6.250	6.500	6.125	5.125	6.250	5.875	4.500	4.125	4.375	
DECEMBER	6.000	6.250	6.125	5.125	6.375	5.625	5.000	4.500	4.375	
COMPOUND										
ANNUAL RATE	7.10	6.80	6.80	5.77	6.03	6.42	5.36	4.98	4.15	4.33

Nominal annual rates for each month represent the statutory interest rate applicable to G Fund investments made that month. They are not adjusted for administrative expenses, compounding, or the allocation of earnings to the accounts of Thrift Savings Plan participants.

Compound annual rates represent the annual returns that would be achieved assuming that:

- The geometric average of one-twelfth of the nominal annual rates (to date) prevails for every month of the calendar year, and
- Such geometric average is compounded monthly for the entire year.

F Fund

- ◆ Tracks the Lehman Brothers U.S. Aggregate (LBA) bond index
- ◆ LBA index represents sectors of the U.S. bond markets
 - U.S. Government: U.S. Treasury and Agencies
 - Corporate
 - Mortgage-backed securities
 - Foreign Government

F Fund

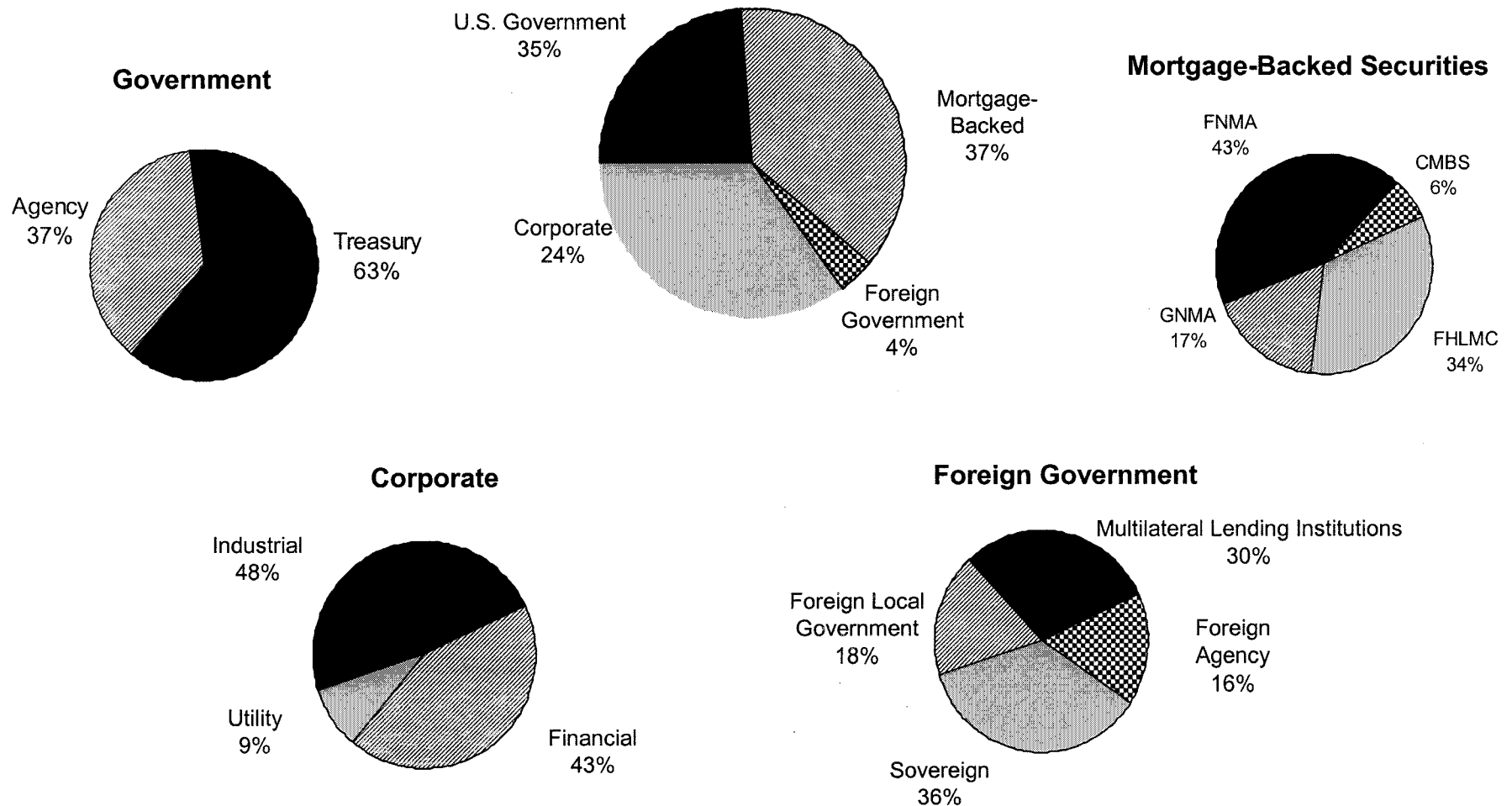
- ♦ Managed by Barclays Global Investors in the Barclays U.S. debt index fund
- ♦ LBA index values can be found in section C of the *Wall Street Journal*
 - LBA index values are preliminary
(as of time the WSJ is sent for printing)
- ♦ LBA information and values can be found on the Lehman Brothers web site at <http://live.lehman.com/>

LBA Bond Index

Bond Market Sectors

December 31, 2002

Total Index



C FUND

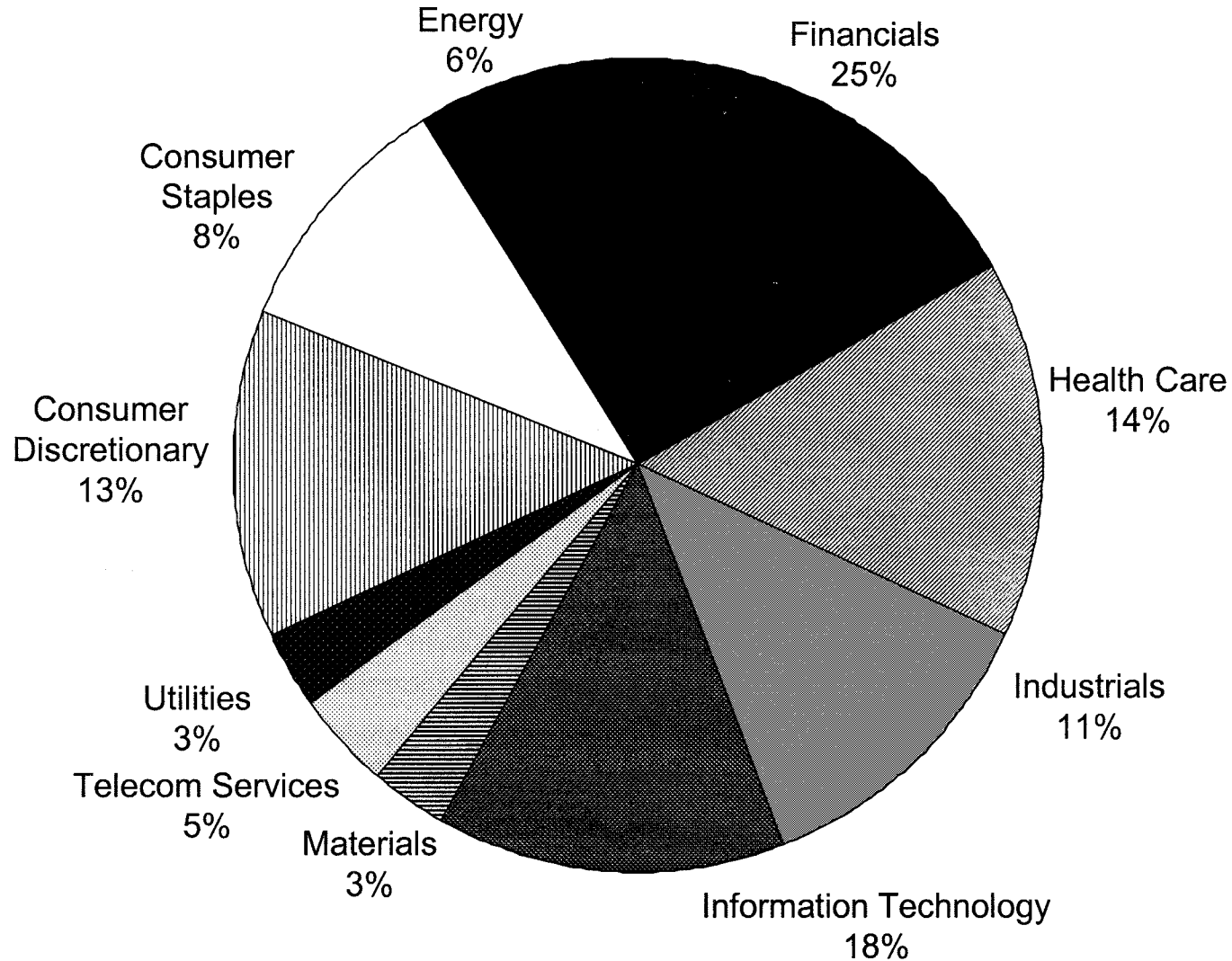
- ◆ Replicates the Standard & Poor's (S&P) 500 stock index
- ◆ S&P 500 index contains common stocks of 500 companies that represent the U.S. stock markets
- ◆ The total dollar value of the stocks in the S&P 500 makes up approximately 78% of the value of the U.S. stock markets

C FUND

- ◆ Managed by Barclays Global Investors in the Barclays equity index fund
- ◆ S&P 500 index information and values can be found at <http://www2.standardandpoors.com/>

S&P 500 Index

Percentage of Market Capitalization by Major Industry Groups
December 31, 2002



S FUND

- ◆ Tracks the Wilshire 4500 stock index
- ◆ Wilshire 4500 index contains all common stocks (except those in the S&P 500 index) actively traded in the U.S. stock markets on a daily basis
- ◆ The total dollar value of the stocks of the companies in the Wilshire 4500 makes up approximately 22% of the value of the U.S. stock markets

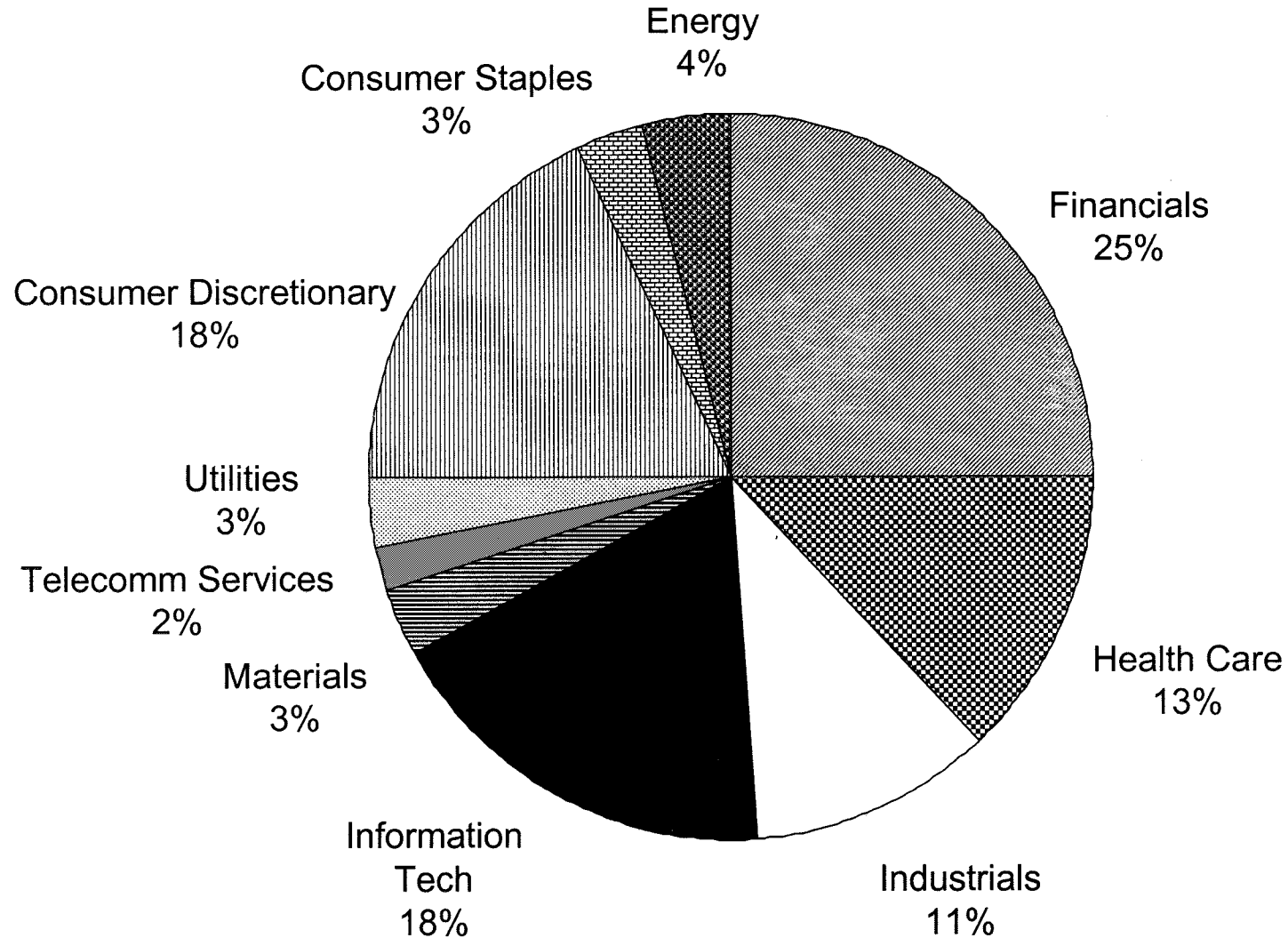
S FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays extended market index fund
- ◆ Wilshire 4500 index information and values can be found at <http://www.wilshire.com/>

Wilshire 4500 Index

Major Industry Groups

December 31, 2002



I FUND

- ◆ Replicates the Morgan Stanley's Europe, Australasia, and Far East (EAFE) stock index
- ◆ EAFE contains stocks that cover approximately 60% of the stock markets of the 21 countries included in the index
- ◆ EAFE contains approximately 1,023 stocks that best represent each of the 21 stock markets

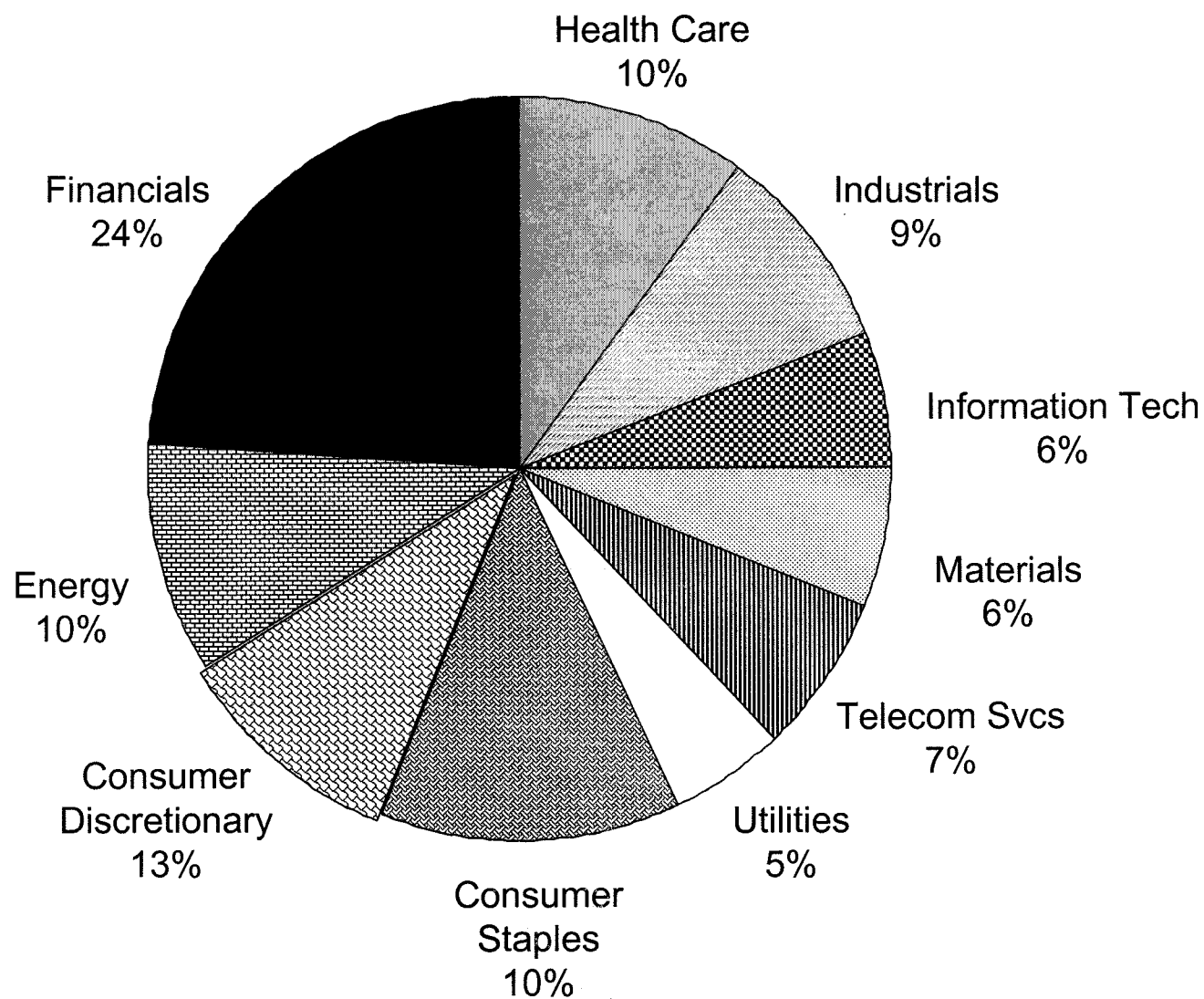
I FUND

- ◆ Managed by Barclays Global Investors and invested in the Barclays EAFE index fund
- ◆ EAFE information and values can be found at http://www.ms_cidata.com/

EAFE Index

Economic Sectors

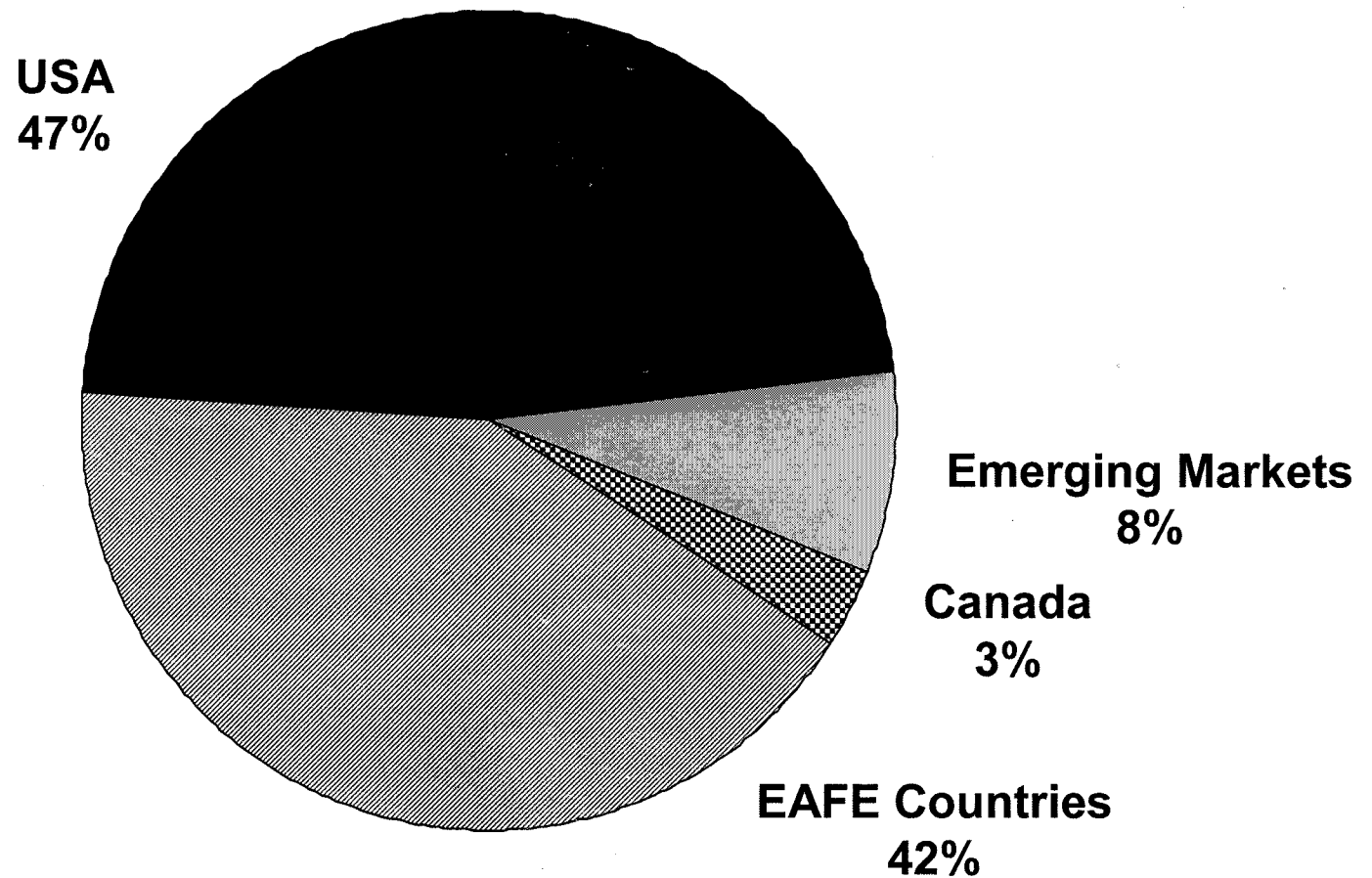
December 31, 2002



World Stock Markets

Allocation of Stock Market Value

December 31, 2002



G Fund, LBA, S&P 500, Wilshire 4500, EAFE, and Inflation

Growth of \$100

1983 - 2002

